

# Consulting engineers make a bid for the CM market

The Consulting Engineers Council (CEC) is fueling the present controversy over construction management (CM) by making a strong pitch for the use of consulting firms as project and construction managers.

In a 34-page report to its members, CEC stresses six basic conclusions:

- There is a definite trend toward greater use of project management and construction management services.
- Such services are professional in nature.
- These services are appropriate services to be provided by consulting firms, and the use of consulting firms offers many advantages to owners.
- The offering of project and construction management services by consulting firms "is totally consistent with CEC and other professional society codes of ethics."
- Consulting firms that have, or are willing to develop, the necessary capability should offer such services.
- Unless they do, "the void will be filled by other nonprofessional organizations, and a valuable market opportunity will be lost."

**Definitions.** CEC defines a consulting firm as "any firm whose practice entitles it to membership in CEC" and as inclusive of "many architectural firms and other types of independent professional consulting firms."

The report admits difficulties in terminology, but says three functional roles are emerging: design manager, who supervises basic design; project manager, who supervises the design and construction manager, and who becomes involved in feasibility, site selection, real estate, financing, accounting, tenant and leasing activity; and the CM, who supervises activities related to scheduling, cost control, value analysis, contract interfacing, quality control, and similar construction matters, and who provides construction-related input to the design process as well as general direction of the contractors.

The report was prepared by a CEC study committee set up under an executive council mandate from CEC's annual meeting last year.

The Associated General Contractors (AGC) is working on a similar report, this one looking at CM as seen from the viewpoint of general contractors. That report, mandated at the AGC board

meeting last fall, is expected to be on the AGC convention agenda in Houston in March.

**Advantages, qualifications.** By offering project management and CM services, the report says, a consulting firm can:

- Improve its competitive position with respect to other professional and nonprofessional competitors, including turnkey and design-construct firms.
- Improve its market position as compared with consulting firms without such capability.
- Strengthen its overall performance in conventional A-E work.

The report makes it clear that only those firms with the necessary capabil-

ity, or those willing to develop it or to team up with others to achieve it, should offer these services. Some firms already have the capability, the report explains, but "those practicing in limited or specialized disciplines must add considerable expertise and staff."

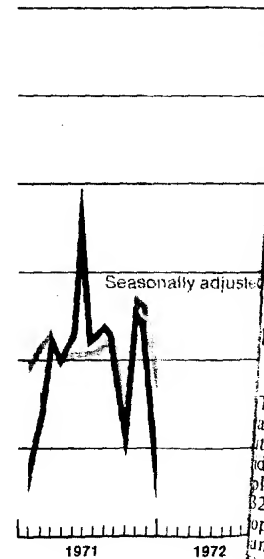
Among the marketing obstacles that may be encountered, the report notes, are price competition, proposed inclusion of some construction work in CM services, and extension of professional liability. Among possible solutions, says, are education of clients, careful contractual arrangements, separate incorporation, legal advice and alliance with general contractors.

## Bidding volume in January

|                            | 4 wks value (\$mil) | mo. ago %  | Chg. fr. yr. ago % | Cum. 1 mo. value (\$mil) | Chg. '70-'71 % |
|----------------------------|---------------------|------------|--------------------|--------------------------|----------------|
| <b>Total*</b>              | <b>1,619</b>        | <b>-40</b> | <b>-1</b>          | <b>1,619</b>             | <b>-1</b>      |
| Hvy. const. total          | 683                 | -50        | +7                 | 683                      | +7             |
| Water use, control         | 172                 | -37        | -16                | 172                      | -16            |
| Waterworks                 | 31                  | -33        | +41                | 31                       | +41            |
| Sewerage                   | 121                 | -24        | -13                | 121                      | -13            |
| Treatment plants           | 76                  | -12        | +181               | 76                       | +181           |
| Earthwork, waterways       | 20                  | -71        | -53                | 20                       | -53            |
| <b>Transportation</b>      | <b>493</b>          | <b>-51</b> | <b>+74</b>         | <b>493</b>               | <b>+74</b>     |
| Highways                   | 340                 | -44        | +66                | 340                      | +66            |
| Bridges                    | 102                 | -14        | +155               | 102                      | +155           |
| Airports                   | 26                  | -74        | -24                | 26                       | -24            |
| Terminals, bldgs           | 5                   | -84        | -75                | 5                        | -75            |
| Elec. gas, comm.           | 1                   | -98        | -99                | 1                        | -99            |
| Other hvy. const.          | 17                  | 0          | -48                | 17                       | -48            |
| <b>Nonres. bldg. total</b> | <b>777</b>          | <b>-31</b> | <b>-7</b>          | <b>777</b>               | <b>-7</b>      |
| Manufacturing              | 26                  | -84        | -55                | 26                       | -55            |
| Commercial                 | 196                 | -28        | +54                | 196                      | +54            |
| Offices                    | 126                 | -7         | +425               | 126                      | +425           |
| Stores, shop, cfr.         | 61                  | -41        | -32                | 61                       | -32            |
| <b>Educational</b>         | <b>253</b>          | <b>-29</b> | <b>-26</b>         | <b>253</b>               | <b>-26</b>     |
| College, univ.             | 91                  | -24        | -53                | 91                       | -53            |
| <b>Medical</b>             | <b>98</b>           | <b>-52</b> | <b>0</b>           | <b>98</b>                | <b>0</b>       |
| Hospital                   | 68                  | -62        | +1                 | 68                       | +1             |
| Other                      | 204                 | +61        | -2                 | 204                      | -2             |
| <b>Housing, multiunit*</b> | <b>160</b>          | <b>-23</b> | <b>0</b>           | <b>160</b>               | <b>0</b>       |
| Apartments                 | 96                  | -43        | -14                | 96                       | -14            |

\*Excludes 1-2 family houses. Minimum sizes included are: Industrial plants, heavy and highway construction, \$100,000; buildings, \$500,000. †Based on average week.

Index  
1967 = 100



## Highways, bridges boost January bidding volume

Contractors' new business this year features a fast flow of heavy construction projects into the bidding arena. Total low bids for public work and contract awards for private construction other than homebuilding are holding about even with the January, 1971, pace. Even on a seasonally adjusted basis, January bidding could not match strides with the high volume posted in December.

The 7% gain in heavy construction

bids is highlighted by bridges and sewage treatment plants, each of which most tripled its year-ago volume. Highway bids jumped 66% over January, 1971, and waterworks climbed up. Office building awards showed a 10% increase over the low year-ago volume. They give commercial building the most year-to-year increase in the nonresidential building market. Hospital building matched a year-ago pace. No cash will